

Our Ref: 50039.3

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October 15, 2013

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BY E-MAIL

Honorable Jesse M. Furman
United States District Judge
Daniel P. Moynihan U.S. Courthouse
500 Pearl Street, Room 630
New York, NY 10007-1312

Re: Mishcon de Reya New York LLP v. Grail Semiconductor, Inc.
Civil Action No. 11-Civ-4971 (JMF)

Your Honor:

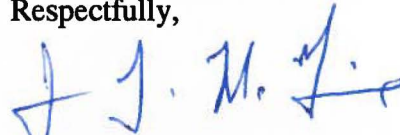
We write on behalf of Petitioner/Judgment-Creditor Mishcon de Reya New York LLP ("Mishcon") to update the Court on the status of the second auction of United States Patent No. 6,642,522 ("552 Patent").

Ownership of the '552 Patent was transferred to Mishcon in connection with the Court-ordered auction on April 30, 2013. As discussed in my August 8, 2013 Declaration (Docket No. 152), Mishcon intended to sell the '552 Patent at a second auction, which at that time was scheduled to occur by the end of September 2013. Mishcon has retained ICAP -- the same company that conducted the April 30 auction -- to conduct the second auction. By early September, however, Mishcon became concerned about the need to market and generate interest in the '552 Patent. After discussions with ICAP and significant work by Mishcon to revise the auction description and prepare other marketing materials, and upon ICAP's advice, Mishcon agreed to postpone the auction until November 21, 2013.

Last week, ICAP advised that although it was in discussions with a number of interested buyers, the Security Agreement filed by Intervenor Niro, Haller & Niro with the United States Patent and Trademark Office, along with the security interest it purported to create, was creating a "stumbling block." Accompanying this letter is a copy of ICAP's October 9, 2013 e-mail so reporting and requesting details on the status of the security interest.

Mishcon is continuing to work with ICAP to assist in the marketing of the '552 Patent, and will continue to update the Court as additional developments occur. Mishcon does not expect any further delays of the auction.

Respectfully,



James J. McGuire

cc: Andrew Reibman, Esq.
Eric A. Prager, Esq.
Robert Garson, Esq.
Scott Kenneth Winikow, Esq.
Vincent Filardo, Jr., Esq.

Vincent Filardo

From: David Schmidt [David.Schmidt@us.icap.com]
Sent: Wednesday, October 09, 2013 11:20 AM
To: James McGuire; Vincent Filardo; Mark Raskin; Robert Whitman; Jason LaBerteaux
Cc: Dean Becker; Clay Becker
Subject: Grail Patent Encumbrances

Mishcon Team,

Clay is in discussions with a number of interested parties, and, predictably, the Khosrow lien and Niro security interest are stumbling blocks.

What details, if any, do you have on these encumbrances? Will they be extinguished with the proceeds of the sale?

Any additional information would be helpful.

Thanks,

David

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